

Consumers Distributing®

Annual Report 1977

AIR KING	KENNER'S	AIR KING
AMF	KEystone	AMF
AMITY	KODAK	AMITY
ARGUS	LEGO	ARGUS
BAUER	LEWYT	BAUER
BELL & HOWELL	LLOYDS	BELL & HOWELL
BISSELL	LUFKIN	BISSELL
BLACK & DECKER	OLYMPUS	BLACK & DECKER
BROTHER	OSTER	BROTHER
CCM	PARAGON	CCM
CASTROL	PARKER	CASTROL
CHARLES CRAFT	PARKER BROS	CHARLES CRAFT
COLECO	PHILIPS	COLECO
COLEMAN	POLAROID	COLEMAN
COMMODORE	PRAKTICA	COMMODORE
COOPER	PROCTOR-SILEX	COOPER
CORELLE	PYREX	CORELLE
CORNING WARE	QUAKER STATE	CORNING WARE
COUNSELOR	REMINGTON	COUNSELOR
DOREL	RONSON	DOREL
DUNLOP	RUBBERMAID	DUNLOP
EKCO	SALTON	EKCO
ERTL	SAMSONITE	ERTL
ESMOND	SANDVIK	ESMOND
FALCON	SANYO	FALCON
FISHER-PRICE	SCANDIA	FISHER-PRICE
FRAM	SCHICK	FRAM
GAF	SHOPMATE	GAF
GSW	SKIL	GSW
GENDRON	SPALDING	GENDRON
GENERAL ELECTRIC	SUNBEAM	GENERAL ELECTRIC

Consumers Distributing®, Canada's largest catalogue showroom retailer, provides value and quality in a wide range of brand-name products, at year-round low prices through a chain of 161 stores from Alberta to Newfoundland.

IONA
IRWIN
JELINEK
JULIETTE
KAYWOODIE

WEAR-EVER
WESTBEND
WESTCLOX
WESTINGHOUSE
YORK

IONA
IRWIN
JELINEK
JULIETTE
KAYWOODIE

Corporate Directory January 28, 1978

Directors:

JACK STUPP, Chairman of the Board
and Chief Executive Officer, Toronto
MICHAEL APPLETON, Barrister and Solicitor, Toronto
RICHARD BAIN, Barrister and Solicitor, Toronto
L.S.D. FOGLER, Q.C., Barrister and Solicitor, Toronto
A.J. LATNER, President, Greenwin Construction Company,
Toronto
R.I. SCOLNICK, Chairman of the Board and Chief
Executive Officer, United Tire and Rubber Company Limited,
Toronto
LILLIAN STUPP, Toronto
R.D. WOLFE, Chairman of the Board and Chief
Executive Officer, The Oshawa Group Limited, Toronto

Officers:

JACK STUPP, Chairman and Chief Executive Officer
GEORGE GRAFF, Senior Vice President, Operations
MICHAEL J.B. BRICKELL, Vice President, Corporate Services
MICHAEL HABERMAN, Vice President, Marketing
RICHARD E. KUMMERLOWE, Vice President, Merchandising
PETER M.C. ONIONS, Vice President, Finance
REGINALD J. ROBERTSON, Vice President, Development
ROBERT M. WEAVER, Vice President, Sales & Store Operations
PETER M. SULLIVAN, Controller
RICHARD E. ZEMP, Treasurer
L.S.D. FOGLER, Q.C., Secretary

Transfer Agent and Registrar
Guaranty Trust Company of Canada, Toronto

Auditors
Laventhal & Horwath, Toronto

Principal Bankers
Bank of Montreal
Provincial Bank of Canada

Stock Listing
The Toronto Stock Exchange

Head Office
62 Belfield Road, Rexdale (Toronto), Ontario M9W 1G2

Distribution Centre
6700 Northwest Drive, Mississauga, Ontario L4V 1L5

Subsidiary Company
Consumers Distributing Company (National) Limited
62 Belfield Road, Rexdale, Ontario M9W 1G2

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The Annual Meeting of Shareholders
will be held Wednesday, July 26, 1978 at 3 p.m.
in the Ridout Room of the Board of Trade, Toronto.

Financial Highlights

	52 Weeks Ended Jan. 28/78	52 Weeks Ended Jan. 29/77
Sales		
Ontario	\$ 106,761,940	\$ 87,316,357
National ³	<u>107,105,585</u>	<u>90,928,510</u>
	213,867,525	178,244,867
Net profit⁴	\$ 4,832,018	\$ 1,331,357
Earnings per share	\$1.08	30¢
Shares outstanding-average	4,453,673	4,456,196
Working capital	\$ 16,206,440	\$ 9,960,690
Showrooms		
Ontario	84	84
National ²	<u>77</u>	<u>76</u>
	<u>161</u>	<u>160</u>

Five Year Comparative Summary (\$000's)

	52 WEEKS ENDED JAN. 28/78	52 WEEKS ENDED JAN. 29/77	12 MOS. ENDED JAN. 31/76 ¹	1974	1973
Sales					
Ontario	\$ 106,762	\$ 87,316	\$ 82,378	\$ 74,448	\$ 62,516
National ³	<u>107,106</u>	<u>90,929</u>	<u>79,787</u>	<u>63,912</u>	<u>37,551</u>
	213,868	178,245	162,165	138,360	100,067
Share of net earnings of Consumers "National" ³	\$ 1,738	\$ 585	\$ 57	\$ 518	\$ 701
Earnings before taxes	6,988	1,973	872	3,539	6,302
Income taxes	2,156	642	379	1,634	2,845
Net income	4,832	1,331	493	1,905	3,456
Tax-paid dividends	—	—	134	512	445
Working capital	\$ 16,206	\$ 9,961	\$ 8,421	\$ 7,838	\$ 9,118
Total assets	81,980	48,437	43,656	48,417	32,801
Shareholders' equity	26,115	18,319	16,988	16,601	15,299
Shares outstanding					
actual	5,046,196	4,456,196	4,456,196	4,456,196	4,456,196
average	4,453,673	4,456,196	4,456,196	4,456,196	4,454,747
Earnings per share	\$1.08	30¢	11¢	43¢	78¢
Tax-paid dividends per share	—	—	3¢	11.5¢	10¢
Showrooms					
Ontario	84	84	83	82	69
National	<u>77</u>	<u>76</u>	<u>72</u>	<u>65</u>	<u>45</u>
	<u>161</u>	<u>160</u>	<u>155</u>	<u>147</u>	<u>114</u>

1 Unaudited

2 On January 27, 1978, the company increased its ownership in Consumers "National" to 100%.

3 During 1977 "National" was a 50% owned subsidiary of Consumers Distributing Company Limited.

4 Net profit includes the 50% share of "National" earnings or losses and excludes extraordinary gains or losses.

5 In 1976 the company changed its fiscal year end from December 31 to January 31. The company modified this change by having the fiscal year end on the Saturday closest to January 31.



To our Shareholders

During the fiscal year ended January 28, 1978, your company set new records in both sales and earnings. These achievements are particularly satisfying in light of the serious decline in Canada's economic situation.

Combined sales were \$213,868,000, an increase of 20 percent, compared with \$178,245,000 in the previous year.

Net profit rose to a new high of \$4,832,000 or \$1.08 a share, compared with \$1,331,000 or 30 cents a share in the previous year. The tax saving derived from the three percent federal government inventory allowance increased profit by \$586,000 or 13 cents a share. This amount is included in the results.

The reported profit includes the 50 percent share of the earnings of Consumers Distributing Company (National) Limited which amounted to \$1,738,000 for the year compared with \$585,000 in the previous year.

Year in Review

In reviewing the past year it is important to note that the company's sales improved throughout the year and climaxed with an

outstanding fourth quarter which produced a profit of \$4,132,000 or \$1.15 a share, compared with \$2,678,000 or 60 cents for the same period in the preceding year. Sales in the fourth quarter were \$92 million compared with \$72 million in the final period of the previous fiscal year.

Your Board of Directors is proud to inform shareholders that your company achieved an outstanding performance as evidenced by the substantial increase in earnings from 30 cents to \$1.08 a share.

On January 27, 1978, your company acquired the 50 percent interest in Consumers Distributing Company (National) Limited previously held by The Oshawa Group Limited. Had Consumers Distributing owned 100 percent of the "National" Company for the entire fiscal year, final profit, on a pro forma basis, would have been \$1.21 per share.

The total purchase price for the 50 percent ownership of Consumers "National" was \$8 million — \$5 million in cash plus 600,000 common shares. The 600,000 Consumers Distributing Company shares issued from treasury increased to 5,056,000 the number of shares outstanding.

Of the \$5 million in cash, \$1.5 million was paid on closing. The balance of \$3.5 million will be paid over four years with interest on the outstanding balance to be paid at one percentage point over the prime bank rate.

The dramatic success in terms of increased sales and profit performance during the past fiscal year stemmed from highly innovative and creative marketing strategies which affected both our pricing policies and the timing of the release of supplementary catalogues. Among other outstanding factors which contributed to our success were our careful and effective cost controls and the greatly increased sales productivity on a per store basis which was aided by improved inventory management.

The installation of electronic mini-computer cash registers which are hooked directly into the company's mainline computer has done much to improve the efficiency of our operations. These registers are already installed in 70 percent of our outlets and it is expected that the balance will be in place by the end of the current fiscal year.

There are a number of other factors which

reflect the progress made by the company during the past fiscal year.

- The company was in a better in-stock position than in any previous period in its history. There is still considerable room for improvement and this will be one of the company's objectives.
- Because of the strong sales experienced by the company, markdowns for the period were effectively reduced and inventories at year-end were in excellent shape.
- Management expects the company's inventory controls to continue to improve and accordingly, we have reduced the number of clearance centres from eight to two.

Current Operations

Now that the purchase of The Oshawa Group shares in Consumers "National" is completed, your company will retain 100 percent of the earnings of the combined companies. The projections that management has made, based on its proven ability to increase the productivity of existing stores, together with a modest but effective expansion program, indicate that the increase in earnings in the current fiscal year should be significant. This strong upward trend is supported by the highly successful performance in the first quarter of the current year.

The company plans to open 12 new showrooms during the current year and close two existing showrooms. Management's plan is to open an average of 12 new showrooms per year.

Premium and Incentive Division

The Premium and Incentive Division, which was launched during the past fiscal year, is a new and exciting facet of the company's operations. The division is already meeting with success and is expected to produce additional earnings in the current fiscal year.

The division is equipped to handle sales incentive programs for industries or institutions of any size and specializes in developing tailor-made programs. To date, it has a number of clients including several major corporations.

In addition to sales incentive programs, the division also offers special programs for golf and curling clubs across the country.

Because the division operates on extremely low overhead and a small asset base and attempts to maximize productivity and profit-

ability, its revenues are extremely high in proportion to costs.

Dividends

On April 13 your Board of Directors announced that it will reinstitute dividend payments and that tax-free dividends of three cents per share will be paid quarterly during the current fiscal year.

It is the intention of your Board of Directors to seek to formulate an explicit dividend policy in coming years which would result in the distribution of a reasonable proportion of the previous year's earnings by way of dividends to the shareholders.

Outlook

Despite the fact that we enter the current fiscal year with a continuation of the depressed economic conditions experienced during 1977, our sales across the country remain buoyant and, in certain areas, are setting new record levels of achievement. The fluctuations in the Canadian dollar have already been provided for in the company's plans and therefore will not have an adverse effect on earnings.

Management is confident that, having proved that it is capable of high levels of performance in difficult economic times, as evidenced by last year's results, it can look forward to continued growth in sales and profits in the current fiscal year.

Appreciation

It would be remiss of me and your Board of Directors if we did not pay tribute to the outstanding team of senior and middle managers who were instrumental in achieving the success of the past year. The enthusiasm and dedication of these people was matched by all our employees and we can take pride in the high level of morale throughout the company. We also thank our suppliers whose support played a major role in our success.



Jack Stupp
Chairman of the Board and
Chief Executive Officer
Toronto
May 1, 1978

Consumers Distributing Company Limited

Consolidated Statement of Income and Retained Earnings

	Fifty-two weeks ended January 28, 1978	Fifty-two weeks ended January 29, 1977
Income:		
Sales	\$106,761,940	\$87,316,357
Share of net earnings of Consumers Distributing Company (National) Limited (Note 1)	1,737,920	585,174
	108,499,860	87,901,531
Costs and expenses:		
Cost of sales and operating expenses (Note 6)	99,449,878	83,428,991
Amortization of financing expenses	12,000	12,000
Interest expense	1,100,061	1,546,969
Depreciation and amortization of equipment and leasehold improvements	950,103	940,382
	101,512,042	85,928,342
Income before income taxes	6,987,818	1,973,189
Income taxes	2,155,800	641,832
Net income	4,832,018	1,331,357
Retained earnings, beginning of period	14,544,732	13,213,375
Retained earnings, end of period	\$ 19,376,750	\$ 14,544,732
Earnings per share (Note 1)	\$ 1.08	\$.30

See accompanying notes.

Consumers Distributing Company Limited

Consolidated Balance Sheet

Assets	January 28, 1978	January 29, 1977
Current:		
Cash	\$ 3,352,392	\$ —
Amounts receivable	1,289,236	1,303,004
Current portion of amount due from The May Department Stores Company (Note 4)	395,289	244,183
Due from Consumers Distributing Company (National) Limited	—	8,945,691
Inventory	59,806,787	26,749,100
Prepaid expenses and sundry assets (Note 3)	3,004,185	1,542,077
	<hr/> 67,847,889	<hr/> 38,784,055
Due from The May Department Stores Company, less current portion (Note 4)	211,654	517,702
Investment in Consumers Distributing Company (National) Limited	—	2,385,900
Equipment and leasehold improvements (Note 5)	9,505,171	6,324,724
Other assets (Note 6)	538,925	424,685
Cost of favourable leases (Note 2)	904,409	—
Goodwill (Note 2)	2,971,771	—
	<hr/> \$81,979,819	<hr/> \$48,437,066
Liabilities		
Current:		
Bank indebtedness (Note 7)	\$19,250,000	\$11,407,685
Accounts payable and accrued liabilities	27,368,510	15,973,719
Income taxes payable	2,504,883	745,787
Series A bond (Note 8)	1,000,000	—
Deferred income taxes	1,518,056	696,174
	<hr/> 51,641,449	<hr/> 28,823,365
Deferred income taxes	1,723,035	1,294,215
Series A bond (Note 8)	2,500,000	—
Shareholders' Equity		
Capital stock (Note 9):		
Authorized:		
12,000,000 Common shares, without par value		
Issued:		
5,046,196 Common shares	6,738,585	3,774,754
Retained earnings	19,376,750	14,544,732
	<hr/> 26,115,335	<hr/> 18,319,486
	<hr/> \$81,979,819	<hr/> \$48,437,066

See accompanying notes.

On behalf of the Board: JACK STUPP Director
L.S.D. FOGLER Director

Consumers Distributing Company Limited

Consolidated Statement of Changes in Financial Position

	Fifty-two weeks ended January 28, 1978	Fifty-two weeks ended January 29, 1977
Financial resources were provided by:		
Net income	\$ 4,832,018	\$1,331,357
Add (deduct) charges (credits) to income not requiring a current outlay (receipt) of funds:		
Depreciation and amortization of equipment and leasehold improvements	950,103	940,382
Amortization of deferred charges	83,664	219,800
Amortization of financing expenses	12,000	12,000
Deferred income taxes	(97,429)	(24,759)
Share of net (earnings) loss of Consumers Distributing Company (National) Limited	(1,737,920)	(585,174)
Working capital provided from operations	4,042,436	1,893,606
Reduction in long-term portion of amounts due from The May Department Stores Company	306,048	110,112
Working capital acquired on the purchase of 50% interest in Consumers Distributing Company (National) Limited (Note 2)	4,154,328	—
Issue of shares and Series A bond as part consideration for above acquisition	6,500,000	—
	<u>15,002,812</u>	<u>2,003,718</u>
Financial resources were used for:		
Purchase of 50% interest in Consumers Distributing Company (National) Limited (Note 2)	8,000,000	—
Purchase of company's own shares	36,169	—
Equipment and leasehold improvements	550,190	374,160
Other assets	170,703	89,462
	<u>8,757,062</u>	<u>463,622</u>
Increase in working capital	6,245,750	1,540,096
Working capital, beginning of period	9,960,690	8,420,594
Working capital, end of period	<u>\$16,206,440</u>	<u>\$9,960,690</u>

See accompanying notes.

Auditors' Report

To the Shareholders of Consumers Distributing Company Limited

We have examined the consolidated balance sheet of Consumers Distributing Company Limited as at January 28, 1978 and the consolidated statements of income and retained earnings and changes in financial position for the fifty-two weeks then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at January 28, 1978 and the results of its operations and the changes in its financial position for the fifty-two weeks then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Leventhal & Horwath

Toronto, Ontario,
April 7, 1978.

Chartered Accountants.

Notes to Consolidated Financial Statements January 28, 1978

1. Summary of significant accounting policies:

Principles of consolidation:

The consolidated financial statements include the accounts of the company and its subsidiary companies, all of which are wholly-owned. The balance sheet contains the accounts of Consumers Distributing Company (National) Limited, which became a wholly-owned subsidiary on January 27, 1978 (see Note 2). The statement of income includes the company's 50% share of the earnings of Consumers Distributing Company (National) Limited for the fifty-two weeks ended January 28, 1978.

Condensed operating results of Consumers Distributing Company (National) Limited are as follows:

	Fifty-two weeks ended January 28, 1978	Fifty-two weeks ended January 29, 1977
Sales	<u>\$107,105,585</u>	<u>\$90,928,510</u>
Net earnings	<u>\$ 3,475,840</u>	<u>\$ 1,170,348</u>
Consumers Distributing Company Limited share thereof 50% ...	<u>\$ 1,737,920</u>	<u>\$ 585,174</u>

Inventory:

Inventory is valued at the lower of cost and net realizable value; cost being determined on a first-in, first-out basis.

Equipment and leasehold improvements:

Equipment and leasehold improvements are recorded at cost. Depreciation is provided on a straight-line basis at rates which are designed to write off the assets over their estimated useful lives as follows:

Office, warehouse and showroom equipment — 5% and 10%
Leasehold improvements — Term of lease
Automotive equipment — 10% and 20%

Cost of favourable leases:

Commencing January 29, 1978, the company intends to amortize the assigned cost of the favourable leases over 20 years, the average remaining term of the leases.

Goodwill:

Commencing January 29, 1978, the company intends to amortize the goodwill which arose on the acquisition of the outside interest in Consumers Distributing Company (National) Limited over 40 years.

Pre-opening costs:

Pre-opening costs relating to new stores are amortized over 24 months for established Metropolitan areas and over 36 months for other locations, commencing with the month after the date of opening.

Income taxes:

The company follows the tax allocation method of providing for income taxes. Under this method

deferred income taxes result from claiming for income tax purposes capital cost allowances in excess of depreciation and amortization recorded in the accounts, and from writing off for income tax purposes financing expenses, deferred charges and other costs in the year incurred.

In computing income for tax purposes, the company deducted a 3% inventory allowance which had the effect of increasing net income by \$586,000 (13¢ per share).

Earnings per share:

Earnings per share are calculated using the weighted daily average of shares outstanding during the respective fiscal years. Fully diluted earnings per share for the fifty-two weeks ended January 28, 1978 would be \$1.07 based on the exercise of all employee stock options.

Fiscal year:

In conformity with retail industry practice, the fiscal year end of the company ends on the Saturday closest to January 31.

2. Increased ownership interest in Consumers Distributing Company (National) Limited:

By agreement dated January 27, 1978, Consumers Distributing Company (National) Limited (hereinafter referred to as National) purchased for cancellation 50% of its outstanding common shares from the outside holder for \$8,000,000. As a result, National became a wholly-owned subsidiary of the company. To finance this purchase, the company subscribed for \$8,000,000 of preference shares of National.

The 50% increase in the company's interest has been accounted for as a purchase. The acquisition equation is as follows:

Assets of National at book value	\$40,723,838
Less its liabilities at book value	<u>32,476,197</u>
Net assets	<u>\$ 8,247,641</u>
Outside holders 50% proportionate share	<u>\$4,123,820</u>
Excess of cost over book value of net tangible assets allocated to:	
Favourable leases	<u>\$ 904,409</u>
Goodwill	<u>2,971,771</u>
	<u>3,876,180</u>
	<u>\$8,000,000</u>

Consideration given for the purchase of 50% interest of National from the outside holder:

Cash	1,500,000
Cash which was concurrently used by the outside holder to acquire from the company 600,000 shares of its capital stock	3,000,000
Series A bond (see Note 8)	<u>3,500,000</u>
	<u>\$8,000,000</u>

3. Prepaid expenses and sundry assets:

Included in prepaid and sundry assets are amounts due from senior officers aggregating \$93,750. These amounts are secured by mortgages.

4. Due from The May Department Stores Company:

During the period ended January 31, 1976 the company disposed of its partnership interest in Consumers Distributing Company (U.S.) to The May Department Stores Company for an amount of \$1,060,000. As this amount is payable without interest in instalments over five years, it has been discounted for accounting purposes based upon an imputed interest of 10% per annum.

5. Equipment and leasehold improvements:

	Cost	Accumulated depreciation and amortization	Net
Office, warehouse and showroom equipment	\$10,592,116	\$4,167,922	\$6,424,194
Leasehold improvements	3,518,769	1,289,605	2,229,164
Automotive equipment	1,662,588	810,775	851,813
	<u>\$15,773,473</u>	<u>\$6,268,302</u>	<u>\$9,505,171</u>

6. Other assets:

	January 28, 1978	January 29, 1977
Deferred charges:		
Pre-opening costs relating to new stores	\$ 79,790	\$ 79,399
Costs for development of new systems and procedures	—	4,104
Financing expenses less amounts amortized	29,488	41,488
Sundry	<u>429,647</u>	<u>299,694</u>
	<u>\$538,925</u>	<u>\$424,685</u>

Deferred charges amortized during the current period, and included in cost of sales and operating expenses on the consolidated statement of income and retained earnings amounted to \$83,664 (fifty-two weeks ended January 29, 1977 — \$219,800).

7. Bank indebtedness:

The bank indebtedness is secured by a collateral floating charge on all the assets of the company. The company has also given its bankers an assignment of a life insurance policy in the amount of \$5,000,000.

8. Series A bond:

The Series A bond bears interest at the rate of 1% above the bank prime lending rate and is repayable in instalments as follows:

January 1, 1979	\$1,000,000
January 1, 1980	1,000,000
January 1, 1981	1,000,000
January 1, 1982	<u>500,000</u>
	3,500,000
Current portion	1,000,000
	<u>\$2,500,000</u>

9. Capital stock:

	January 28, 1978	January 29, 1977		
	Number of shares issued	Amount	Number of shares issued	Amount
Balance at beginning of year	4,456,196	\$3,774,754	4,456,196	\$3,774,754
Issued to acquire interest in Consumers Distributing Company (National) Limited (see Note 2)	600,000	3,000,000	—	—
Less purchase of company's own shares, at cost	(10,000)	(36,169)	—	—
	<u>5,046,196</u>	<u>\$6,738,585</u>	<u>4,456,196</u>	<u>\$3,774,754</u>

10. Stock options and reservation of shares:

In connection with the company's Employee Stock Option Plan, 225,000 common shares have been reserved. At January 28, 1978 there were options outstanding to purchase 196,110 shares exercisable at prices ranging from \$2.75 to \$31.25 over the next five years.

11. Lease obligations:

Property and equipment rental for the fifty-two weeks ended January 28, 1978 amounted to \$4,302,957.

Minimum rentals payable under long-term leases for property and equipment in effect as at January 28, 1978 (excluding insurance, property taxes and certain other occupancy charges) are as follows:

1979	\$ 7,432,000
1980 – 1984	35,349,000
1985 – 1989	30,785,000
1990 – 2004	40,284,000

The company has issued a Series B bond to indemnify The Oshawa Group Limited, an original guarantor under certain of its leases. The maximum amount which the company could be held liable for under this indemnification amounts to \$7,500,000.

12. Trust deed:

The Series A and Series B bonds have been issued under a trust deed which includes a floating charge over all the assets of the company ranking second only to the security provided to the bankers.

13. Dividend restrictions:

The company is restricted from declaring or paying dividends:

- (i) under the terms of the bank loan agreement, without the written consent of its bankers, and
- (ii) under the terms of the trust deed securing the Series A and Series B bonds, if after the declaration of the dividend the working capital is less than \$10 million or the shareholders' equity is less than \$20 million.

14. Remuneration of directors and senior officers:

The aggregate direct remuneration paid by the company and its consolidated subsidiaries to directors and senior officers of the company for the fifty-two weeks ended January 28, 1978 was \$550,100 (fifty-two weeks ended January 29, 1977 — \$550,953).

15. Anti-inflation legislation:

Under the federal government's anti-inflation programme, which became effective October 14, 1975, the company is subject to controls on prices, profits, compensation and dividends. In the opinion of management, the company has complied with all provisions of the programme.

160 Catalogue Showrooms in nine Canadian Provinces (April 30, 1978)

Alberta (15)

Calgary (7)
Edmonton (7)
Lethbridge

Manitoba (9)

Winnipeg (8)
Brandon

New Brunswick (5)

Fredericton
Moncton (2)
Saint John (2)

Newfoundland (1)

St. John's

Nova Scotia (2)

Dartmouth
Halifax

Prince Edward Island (1)

Charlottetown

Quebec (40)

Montreal (21)
Charlesbourg
Chateauguay
Chicoutimi
Drummondville
Granby
Hull
Jonquiere
Levis
Quebec City (4)
Rosemere
St. Hyacinthe
St. Jean
St. Jerome
Sherbrooke
Trois-Rivieres
Valleyfield

Saskatchewan (5)

Regina (2)
Moose Jaw
Prince Albert
Saskatoon

Ontario (82)

Toronto (17)
Ajax
Barrie
Belleville
Bramalea
Brampton
Brantford
Brockville
Burlington (2)
Cambridge
Chatham
Cornwall
Georgetown
Guelph (2)
Hamilton (6)
Kingston
Kitchener
London (7)
Mississauga (2)
Niagara Falls
North Bay
Oakville
Orangeville
Orillia
Oshawa (2)
Ottawa (6)
Owen Sound
Peterborough
Pickering
Richmond Hill
St. Catharines (2)
St. Thomas
Sarnia
Sault Ste. Marie
Stratford
Sudbury (2)
Thunder Bay
Waterloo
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